

STATE OF MICHIGAN
BEFORE THE MICHIGAN PUBLIC SERVICE COMMISSION

In the matter of the application of)	
UPPER PENINSULA POWER COMPANY)	Case No. U-18245
for reconciliation of renewable energy revenues)	
and expenses for 2016.)	
_____)	

At the November 21, 2017 meeting of the Michigan Public Service Commission in Lansing,
Michigan.

PRESENT: Hon. Sally A. Talberg, Chairman
Hon. Norman J. Saari, Commissioner
Hon. Rachael A. Eubanks, Commissioner

ORDER APPROVING SETTLEMENT AGREEMENT

On June 30, 2017, Upper Peninsula Power Company (UPPCo) filed an application, with supporting testimony and an exhibit, requesting authority to reconcile its renewable energy revenues and expenses for the 12-month period ended December 31, 2016. On that same date, UPPCo filed its 2016 renewable energy annual report.

A prehearing conference was held on September 14, 2017, before Administrative Law Judge Suzanne D. Sonneborn. UPPCo and the Commission Staff participated in the proceedings. Subsequently, the parties submitted a settlement agreement resolving all issues in the case.

The Commission has reviewed the settlement agreement and finds that the public interest is adequately represented by the parties who entered into the settlement agreement. The Commission further finds that the settlement agreement is in the public interest, represents a fair and reasonable resolution of the proceeding, and should be approved.

THEREFORE, IT IS ORDERED that:

A. The settlement agreement, attached as Exhibit A, is approved.

B. Upper Peninsula Power Company's application for authority to reconcile its renewable energy plan revenues and expenses for the 12-month period ended December 31, 2016, is approved.

The Commission reserves jurisdiction and may issue further orders as necessary.

Any party desiring to appeal this order must do so in the appropriate court within 30 days after issuance and notice of this order, pursuant to MCL 462.26. To comply with the Michigan Rules of Court's requirement to notify the Commission of an appeal, appellants shall send required notices to both the Commission's Executive Secretary and to the Commission's Legal Counsel.

Electronic notifications should be sent to the Executive Secretary at mpscedockets@michigan.gov and to the Michigan Department of the Attorney General – Public Service Division at pungp1@michigan.gov. In lieu of electronic submissions, paper copies of such notifications may be sent to the Executive Secretary and the Attorney General – Public Service Division at 7109 W. Saginaw Hwy., Lansing, MI 48917.

MICHIGAN PUBLIC SERVICE COMMISSION

Sally A. Talberg, Chairman

Norman J. Saari, Commissioner

Rachael A. Eubanks, Commissioner

By its action of November 21, 2017.

Kavita Kale, Executive Secretary

STATE OF MICHIGAN
BEFORE THE MICHIGAN PUBLIC SERVICE COMMISSION

* * * *

In the matter of the application of)	
UPPER PENINSULA POWER COMPANY)	Case No. U-18245
for a reconciliation of renewable energy)	
revenues and expenses for 2016.)	
_____)	

SETTLEMENT AGREEMENT

Pursuant to MCL 24.278 and Rule 431 of the Michigan Administrative Hearing System's Administrative Rules, R 792.10431, Upper Peninsula Power Company ("UPPCO" or the "Company") and the Michigan Public Service Commission Staff ("Staff") agree as follows:

1. On June 30, 2017, the Company filed with the Commission its Renewable Energy reconciliation application, including its Renewable Energy Annual Report ("Report") for 2016 and direct case.
2. In its direct case, UPPCO represents that for the 12-month period ending December 31, 2016, its renewable energy plan did not include a renewable energy surcharge. Therefore, as no renewable energy surcharges were applied to UPPCO's customers in 2016, UPPCO reported no related collections. Instead, the 2016 renewable energy plan provided for the Company to meet renewable energy standards through existing power supply resources, with the costs thereof to be addressed and accounted for through Power Supply Cost Recovery proceedings, without a separate renewable energy surcharge.

3. On August 14, 2017, the Commission's Executive Secretary issued the Notice of Hearing in this proceeding directing the Company to mail a copy of the Notice of Hearing to all cities, incorporated villages, townships and counties in its service area and to intervenors in Case Nos. U-17796 and U-18086. Further, the Company was directed to publish the Notice of Hearing in daily newspapers of general circulation throughout its service area. On August 28, 2017, the Company electronically filed its affidavit of mailing and proofs of publication.

4. On September 14, 2017, Administrative Law Judge Suzanne D. Sonneborn conducted the prehearing conference. The Company and Staff attended the prehearing conference. There were no intervenors.

5. Subsequent to the prehearing conference, the parties participated in settlement discussions and agree as follows:

- a. UPPCO's 2016 Renewable Energy Annual Report satisfies the requirements of Section 51 of Act 295, MCL 460.1001 *et seq.*, as amended, and UPPCO is in compliance with the renewable energy standards for 2016.
- b. UPPCO and Staff agree that UPPCO meets the 2016 renewable energy credit portfolio requirements.
- c. Because all of UPPCO's costs for its renewable energy are already included in its base rates or in rates that are used as part of the Power Supply Cost Recovery proceedings, for the 12-month period that ended December 31, 2016, UPPCO was not authorized to charge, nor did it collect, a renewable energy surcharge. Thus, there are no revenues or expenses to reconcile in this proceeding.

6. All the parties are of the opinion that this Settlement Agreement is reasonable, in the public interest, and will aid in the expeditious conclusion of this case.

7. This Settlement Agreement is entered into for the sole and express purpose of reaching a compromise among the parties. All offers of settlement and discussions relating to this settlement are considered privileged under Michigan Rules of Evidence, Rule 408. If the Commission approves this Settlement Agreement without modification, neither the parties to the Settlement Agreement or the Commission shall make any reference to, or use this Settlement Agreement or the order approving it, as a reason, authority, rationale or example for taking any action or position or making any subsequent decision in any other case or proceeding, however, such references may be made to enforce or implement the provisions of this Settlement Agreement and the order approving it.

8. The parties further agree that any order approving this Settlement Agreement shall not establish precedent for future proceedings. This Settlement Agreement is based on the facts and circumstances of this case and is intended as the final disposition of Case No. U-18245. If the Commission approves this Settlement Agreement, without modification, the undersigned parties agree not to appeal, challenge or otherwise contest the Commission order approving this Settlement Agreement.

9. This Settlement Agreement is not severable. Each provision of this Settlement Agreement is dependent upon all other provisions of this Settlement Agreement. Failure to comply with any provision of this Settlement Agreement constitutes failure to comply with the entire settlement agreement. If the Commission rejects or modifies this Settlement Agreement or any provision of this Settlement Agreement, this Settlement Agreement shall be deemed to be

withdrawn. It shall not constitute any part of the record in this proceeding or be used for any other purpose, and shall not operate to prejudice the pre-negotiation position of any party.

10. All signatories agree to waive § 81 of the Administrative Procedures Act of 1969, as amended, MCL 24.281, as it applies to the issues in this proceeding, if the Commission approves this Settlement Agreement without modification.

UPPER PENINSULA POWER COMPANY

Dated: October 9, 2017

By: **Sherri A. Wellman**
Its Attorney
Sherri A. Wellman (P38989)
MILLER, CANFIELD, PADDOCK and STONE, P.L.C.
One Michigan Avenue, Suite 900
Lansing, Michigan 48933
(517) 487-2070

Digitally signed by: Sherri A. Wellman
DN: CN = Sherri A. Wellman C = AD
O = MillerCanfield
Date: 2017.10.09 13:35:34 -05'00'

MICHIGAN PUBLIC SERVICE COMMISSION STAFF

Dated: October 9, 2017

By: **Heather M.S. Durian**
Its Attorney
Heather M.S. Durian (P67587)
Assistant Attorneys General
Public Service Division
7109 W. Saginaw Hwy., 3rd Floor
Lansing MI 48917
(517) 284-8140

Digitally signed by Heather M.S. Durian
DN: cn=Heather M.S. Durian, o, ou=Attorney
General Public Service Division,
email=durianh@michigan.gov, c=US
Date: 2017.10.09 13:46:39 -04'00'

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